

Message Text

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PAGE 01 STOCKH 00747 231104Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PM-05 H-02 L-03 NSC-05
PA-02 SP-02 SS-15 USIA-15 /085 W
-----128639 240146Z /14

R 230816Z FEB 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3104
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK

UNCLAS STOCKHOLM 0747

E.O. 11652: N/A
TAGS: ELAB, SW
SUBJ: SWEDEN'S ON-AGAIN OFF-AGAIN LABOR NEGOTIATIONS

REF: STOCKHOLM 0226

1. SWEDEN'S HIGHLY CENTRALIZED ANNUAL LABOR NEGOTIATIONS, WHICH HAD STRANDED ON JANUARY 15, RESUMED AMIDST A CURRENT OF UNWARRANTED OPTIMISM, TEETERED MOMENTARILY ON THE BRINK OF SUCCESS, THEN, IN A CROSS-FIRE OF WEEK-END PROPOSALS AND COUNTER-PROPOSALS, SUDDENLY SUCCUMBED. MORNING-AFTER OBITUARIES INDICATE A HALF-HEARTED STRANDING, WITH STRONG POSSIBILITIES OF A RESURRECTION AS EARLY AS NEXT WEEK.

2. THE FLURRY OF PROPOSALS MANAGED TO BRIDGE THE GAP BETWEEN THE PARTIES. ON BREAD AND BUTTER ISSUES, THE RESPECTIVE SIDES ARE WITHIN ONE PERCENT OF EACH OTHER. SAF, THE SWEDISH EMPLOYERS' CONFEDERATION, HAS COMPROMISED ON ITS EARLIER DEMAND FOR A 3-YEAR AGREEMENT. LO AND PTK REPRESENTING SWEDEN'S PRIVATE SECTOR BLUE AND WHITE COLLAR WORKERS RESPECTIVELY, HAVE AGREED TO, AND SAF HAS ACCEPTED, A 21 MONTH DURATION FOR
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PAGE 02 STOCKH 00747 231104Z

A NEW CONTRACT TO EXPIRE ON OCTOBER 31, 1979. SAF HAS ALSO ACQUIESCED IN LABOR'S DEMAND FOR INCLUSION OF A GUARANTEE CLAUSE WITH TWO TRIGGER DATES. THIS WOULD PERMIT THE CONTRACT TO BE RE-EXAMINED ON SEPTEMBER 1, 1978 AND SEPTEMBER 1, 1979 SHOULD ANNUAL INFLATION EXCEED 8 PERCENT. AGREEMENT IS NEAR AS WELL ON A GENERAL WAGE INCREASE, SOMEWHERE IN THE NEIGHBOURHOOD OF 2-3 PERCENT.

3. NEGOTIATIONS COLLAPSED THIS WEEK MORE ON ISSUES OF PRINCIPLE THAN ON KRONA AND ORE. THE CONFLICT HAS BOILED DOWN TO THE CONSTRUCTION OF SPECIAL SUPPLEMENTS FOR LOW WAGE-EARNERS. AT STAKE FOR LO IS ITS POLICY OF WAGE SOLIDARITY. FOR SAF, FACED WITH ESCALATING DEMANDS FOR SKILLED WORKERS TO BE SUITABLY COMPENSATED FOR THEIR QUALIFICATIONS, THE DANGER IS ONE OF LEAP-FROGGING INCREASES WITH WAGE DRIFT OVER AND ABOVE THE NEGOTIATED LEVELS.

4. COMMENT: WHILE THE TWO SIDES HAVE EDGED SO CLOSE TO A SETTLEMENT, IT IS TOO SOON TO VIEW THE PRESENT SITUATION IN CRISIS TERMS. BOTH SIDES SHARE A CONCERN FOR SWEDEN'S PRESENT ECONOMIC MALAISE; BOTH EXPRESS HOPE FOR A QUICK AGREEMENT. NOTEWORTHY IS THAT NEITHER SIDE HAS YET DESPAIRED TO THE POINT OF PUTTING ITS CHIPS IN THE HANDS OF A MEDIATOR. "THE TWO CAMPS OF WORRIED NEGOTIATORS" (AS SAF'S CHIEF, CURT NICOLIN, DESCRIBES THEM) WILL LIKELY BE BACK AT THE TABLE NEXT WEEK. THE LOW-WAGE SUPPLEMENT ISSUE WILL BE A TOUGH NUT TO CRACK, BUT WITH OTHER ISSUES MORE OR LESS RESOLVED, AND AN INTERVAL FOR EACH SIDE TO RESHAPE ITS POSITION ON THE ONE REMAINING, AN AGREEMENT MAY FINALLY BE CLOSE AT HAND.
KENNEDY-MINOTT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR, NEGOTIATIONS, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STOCKH00747
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780085-0182
Format: TEL
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780220/aaaaaqqi.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 923008d1-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STOCKHOLM 226
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3499098
Secure: OPEN
Status: NATIVE
Subject: SWEDEN\S ON-AGAIN OFF-AGAIN LABOR NEGOTIATIONS
TAGS: ELAB, SW
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/923008d1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014